

ODP 020-78  
6 January 1978

STATINTL

MEMORANDUM FOR: [REDACTED]  
Chief, Procurement Division, OL

FROM : [REDACTED]  
Chief, Special Projects Staff, ODP

SUBJECT : [REDACTED] System Hardware Evaluation.

REFERENCE : [REDACTED] and  
your memorandum dated 27 Dec. 1977

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1. If a negotiation date is established in January 1978, as you indicated by telephone, then I believe it will be beneficial to have [REDACTED] precede the contacting officer by one or two days at [REDACTED] to review in detail the equipment covered in the Evaluation Sheet attached to your 27 December 1977 memorandum. I doubt that the total numbers would change very significantly, but see no substantiation for the 50% salvage value attached to some of the equipment and I note that market value is not addressed in any of this data. Salvage and scrap costs are based on manufacturing cost of equipment. One would think that the salvage value would be related to the market price rather than be established as a percentage of manufacturing cost.

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2. I agree in general with the attached handwritten notes from [REDACTED]. The government should take delivery of all items having zero salvage value. After determining whether any use can be found for this equipment within the Agency, any residual equipment should be turned over to GSA. I understand that it is possible that some of the equipment might be sold to the [REDACTED] since they have a configuration similar to the [REDACTED] system.

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3. If you will advise me of the date of the potential negotiations I will be sure that [REDACTED] is available to do a preliminary analysis as outlined above and to supply advice to you in the negotiating process.

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Att: a/s

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C/SPS/ODP [REDACTED] Release 2001/08/07 : CIA-RDP83T00573R000500100002-7

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Notes on [REDACTED] HARDWARE INVENTORY DTD 12/10/77

1. Each line item should be reviewed to determine if 10% refurbishment cost is valid.
2. Each line item should be reviewed to determine if 50% value for scrap is valid.
3. An auditor should determine the value of new spares versus the value of [REDACTED] components which can be used for spares.
4. If cost effective or required by GSA, all items which are 100% scrap should be removed from the Contractors facility.
5. A determination should be made if any item surplused can be used within the Agency.

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MSC,

27 DEC 1977

MEMORANDUM FOR:

[REDACTED]

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FROM:

Chief, Procurement Division, OL

SUBJECT:

Auditor's Analysis of the [REDACTED] System  
Hardware Evaluation (AIUO)

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REFERENCE:

[REDACTED]

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1. In conjunction with the auditor's evaluation of the referenced contract, I requested that he provide an advisory report as to the present market value of the in-process hardware preparatory to the contemplated termination settlement agreement. Attached is the auditor-to-contract officer preliminary report.

2. I request that you review the auditor's evaluation and the contractor's contention concerning the present market value of this equipment and provide the undersigned with your recommendations concerning this matter no later than 10 January 1978.

[REDACTED]

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Att.